Headquarters U.S. Air Force

Integrity - Service - Excellence

Strategic Sourcing Lessons Learned and Best Practices

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Agenda

- Lessons Learned
  - Standup
  - Organization
  - Team Skills/Knowledge
  - Strategy Development
  - Strategy Implementation
- Best Practices
- Summary

Standup

- Build a detailed standup schedule & use it to track activities & progress
- Air Staff & stakeholder support critical—know them, their interests, & go see them!
- Full-time core team necessary for day-to-day workload & “heavy lifting”
- MAJCOM/Functional Reps are the key to AF buy-in and success
- Work CC funding source(s) & ROE w/ representatives upfront

Organization

- "Mr. Outside/Mr. Inside" model works well for Director/Deputy roles
- Legal advisor: value extends far beyond legal advice—can help team make fact-based decisions when emotion runs rampant
- Don't forget budget & FM participation—important for many areas
- Include GSA and legal counsel and integral member of commodity strategy team throughout strategy development and implementation
- Find out who CSO uses as an advisory body—consider when soliciting representatives—plan to pre-brief advisory body frequently
- Business Requirements Analyst:
  - Primarily focuses inside AF
  - Heavily involved with "Review Current Strategy" & "Demand Forecast"
- Market Research Analyst & Core Commodity Expert:
  - Primarily focused outside AF—either on market or technology
  - Heavily involved with "Review Current Market"

Team Skills/Knowledge

- "At startup, experience & functional knowledge less important than:
  - Initiative, drive, teamwork & commitment
  - Don't be too cautious—trust your people & just do it !

- Most Important Skills Needed by Core Team
  - Project management !!!!
    - Planning, scheduling, coordinating & activity tracking
  - Communication (listening, writing, speaking)
  - Conducting & organizing market research
  - Strategic sourcing with industry

- AF years away from doing spend analysis as it should be done
  - Beware of data paralysis; 100% Accuracy is not mandatory
  - Use other sources of data (vendor invoice history, pull top 10-15 contracts for details, etc.)

Strategy Development

- Not just one strategy -- MULTIPLE STRATEGIES
  - Most think contracts and technology, not spend shaping
  - NOT JUST ABOUT CONTRACTS
  - Strategy and execution must be linked
- Socio-economic goals limit flexibility (e.g., Small Business)
- Must consider Total Cost of Ownership
- Strategy handoff to executing organization is difficult and time consuming
- Need a real BPR of the ordering/receipt/payment process
- AF CO-OP best value decisions are more complicated
- Bulk buy worked for ITCC--shaped what is bought and reduced costs
- Continuously involve CC members from each MAJCOM in activities and decisions
- Build in sufficient procurement lead time due to FAR requirements and commodity council procedures

Strategy Implementation

- Vendor gaming will always happen -- expect it
- Do not underestimate change management needs
- Brand name loyalty is strong and must be addressed
- AF does not have good disposition process (ITCC)
- Order close out can be difficult with bulk buying (ITCC)
- Quantifying savings
  - Demonstrating that it's more than purchase costs
  - Define methodology for capturing savings
- Prepare award publicity article ahead of time to release shortly after award
- Weekly, and even daily, status meetings with strategic suppliers to maintain communications during strategy implementation

MAJCOM and Air Staff participation was/is vital

Best Practices

- Take every opportunity to educate the workforce on Commodity Council Initiatives
- Have a synergistic cross-functional team that understands the entire process from development of the strategy through contract award and performance
- Mentor SCM IPTs empowering teams to implement strategies for their own programs
- Use Landing Gear Prime Vendor Contract “methodology” for debriefing… Comprehensive debrief that was frank, open and honest may have prevented protests. Made clear to unsuccessful offerors that the evaluation was not of the offeror, but of the offeror’s proposal
- Establish electronic surveillance process that allows contracting and stakeholders at all levels to have program information available at the click of a button (MSCC)
- Share lessons learned!

Summary

- The fundamental process is sound—it works!
- Its only as hard as you make it
  - Keep the end in sight – know your key objectives
  - Involve your stakeholders early & often
  - Don’t get bogged down in the details, “any strategy” is better than “no strategy”
- Don’t underestimate the strategy implementation & communication workload
- Good Luck !!!